

**TRANSPORTATION DEPARTMENT[761]**

**Notice of Intended Action**

**Proposing rule making related to salvage titles  
and providing an opportunity for public comment**

The Transportation Department hereby proposes to amend Chapter 400, “Vehicle Registration and Certificate of Title,” and Chapter 405, “Salvage,” Iowa Administrative Code.

*Legal Authority for Rule Making*

This rule making is proposed under the authority provided in Iowa Code section 307.12 and section 321.52 as amended by 2021 Iowa Acts, Senate File 230, section 1.

*State or Federal Law Implemented*

This rule making implements, in whole or in part, Iowa Code section 321.52 as amended by 2021 Iowa Acts, Senate File 230, section 1.

*Purpose and Summary*

This proposed rule making updates Chapters 400 and 405 to conform these rules with 2021 Iowa Acts, Senate File 230, section 1.

This legislation increases the threshold for issuing a salvage title designation if the cost of repair of a wrecked or salvage motor vehicle exceeds 50 percent of the fair market value of the vehicle to instead require the cost of repair to exceed 70 percent of the fair market value. The proposed amendments preserve the “damage over 50 percent” standard in Chapter 405 for wrecked or salvage vehicles that were transferred prior to July 1, 2021, and also clarify the process for when a damage disclosure statement that is separate from the damage disclosure on the assignment of title will be accepted from a transferor or transferee of the vehicle.

The proposed amendments also update parenthetical implementation statutes and remove bureau names.

*Fiscal Impact*

This rule making has no fiscal impact to the State of Iowa beyond any impact anticipated by the legislation.

*Jobs Impact*

After analysis and review of this rule making, no impact on jobs has been found.

*Waivers*

Any person who believes that the application of the discretionary provisions of this rule making would result in hardship or injustice to that person may petition the Department for a waiver of the discretionary provisions, if any, pursuant to 761—Chapter 11.

*Public Comment*

Any interested person may submit written comments concerning this proposed rule making or may submit a written request to make an oral presentation at a public hearing. Written comments or requests to present oral comments in response to this rule making must be received by the Department no later than 4:30 p.m. on December 21, 2021. Comments should be directed to:

Tracy George  
Department of Transportation  
DOT Rules Administrator, Government and Community Relations  
800 Lincoln Way  
Ames, Iowa 50010  
Email: [tracy.george@iowadot.us](mailto:tracy.george@iowadot.us)

### *Public Hearing*

If requested, a public hearing to hear oral presentations will be held on December 28, 2021, via conference call at 11 a.m. Persons who wish to participate in the conference call should contact Tracy George before 4:30 p.m. on December 21, 2021, to facilitate an orderly hearing. A conference call number will be provided to participants prior to the hearing.

Persons who wish to make oral comments at the public hearing may be asked to state their names for the record and to confine their remarks to the subject of this proposed rule making.

Any persons who intend to attend the public hearing and have special requirements, such as those related to hearing or mobility impairments, should contact Tracy George, the Department's rules administrator, and advise of specific needs.

The public hearing will be canceled without further notice if no oral presentation is requested.

### *Review by Administrative Rules Review Committee*

The Administrative Rules Review Committee, a bipartisan legislative committee which oversees rule making by executive branch agencies, may, on its own motion or on written request by any individual or group, review this rule making at its [regular monthly meeting](#) or at a special meeting. The Committee's meetings are open to the public, and interested persons may be heard as provided in Iowa Code section 17A.8(6).

The following rule-making actions are proposed:

ITEM 1. Amend rule 761—400.55(321) as follows:

#### **761—400.55(321) Damage disclosure statement.**

**400.55(1)** and **400.55(2)** No change.

**400.55(3)** If the transferor completes the damage disclosure on the assignment of title at the time of application for title, a transferor or transferee of a vehicle may submit a separate damage disclosure statement, Form 411108, indicating the damage level of the vehicle and whether the damage level exceeds 70 percent.

*a.* If the transferor signs both the damage disclosure on the assignment of title and the separate damage disclosure statement, Form 411108, the county treasurer shall accept the separate damage disclosure statement.

*b.* If the transferee signs the separate damage disclosure statement, Form 411108, the county treasurer shall accept the separate damage disclosure statement only if the separate damage disclosure statement indicates the damage level exceeds 70 percent. If the transferee's statement indicates the damage level is less than 70 percent, the department shall review the transaction to confirm the damage level through the National Motor Vehicle Title Information System (NMVTIS).

*c.* Nothing in this subrule shall be construed to prevent the department from confirming the damage level through NMVTIS for the purpose of adding a "damage over 70 percent" designation to the title as required by Iowa Code section 321.69.

This rule is intended to implement Iowa Code section 321.52 as amended by 2021 Iowa Acts, Senate File 230, section 1, and section 321.69.

ITEM 2. Amend rule **761—405.2(321)**, parenthetical implementation statute, as follows:

#### **761—405.2(321,321H) Definitions.**

ITEM 3. Amend subparagraph **405.6(1)“a”(1)** as follows:

(1) Has repair costs exceeding ~~50~~ 70 percent of its fair market value before it became damaged, and

ITEM 4. Amend paragraph **405.6(1)“b”** as follows:

b. Fair market value is the average retail value found in the National Automobile Dealers Association (NADA) Official Used Car Guide. If there is no value available, the motor vehicle and motor carrier services bureau division shall determine the fair market value upon request. The address is: Motor Vehicle and Motor Carrier Services Bureau Division, Iowa Department of Transportation, P.O. Box 9278, Des Moines, Iowa 50306-9278.

ITEM 5. Amend subrule 405.8(5) as follows:

**405.8(5) Designation carried forward.** If a vehicle leaves Iowa with a regular Iowa title and reenters Iowa with a regular foreign title, and if the foreign title does not indicate that the vehicle was rebuilt and if a records check indicates that the vehicle had a designation listed in paragraphs 405.10(1)“a” to “e,” through “f,” that designation shall be carried forward to the Iowa title and registration receipt issued from the foreign title.

ITEM 6. Amend subrule 405.9(1) as follows:

**405.9(1)** Determine if the vehicle ever had or should have had a “prior salvage,” “rebuilt,” “damage over 50 percent,” “damage over 70 percent,” “flood,” “fire,” “vandalism,” “theft,” “lemon buy-back,” or equivalent designation(s) on a previous title. If such a designation is or should have been on a previous title, the Iowa title to be issued shall contain the designation required by this chapter.

ITEM 7. Amend rule 761—405.10(321) as follows:

**761—405.10(321,322G) Designations.**

**405.10(1)** The following designations for a vehicle shall be used on Iowa titles and registrations receipts and shall be carried forward to all subsequent Iowa titles and registration receipts issued for the vehicle, unless otherwise specified:

a. and b. No change.

c. Damage over 50 percent. The designation shall be used for applicable vehicle transfers occurring prior to July 1, 2021, and shall be carried forward for applicable vehicle transfers occurring prior to July 1, 2021.

~~e. d.~~ Damage over 50 70 percent. As required by Iowa Code section 321.69, a designation of “damage over ~~50~~ 70 percent” shall be used when the seller or the buyer indicates on the damage disclosure statement that the person has knowledge that the motor vehicle sustained damage for which the cost of the repair exceeded ~~50~~ 70 percent of the fair market value before the motor vehicle became damaged. This designation replaces any other designation except “rebuilt.”

~~d. e.~~ Flood, fire, vandalism or theft. The most recent designation applies. Unless superseded by a “REBUILT-IA,” “rebuilt,” ~~or~~ “damage over 50 percent” or “damage over 70 percent” designation, a designation of “flood,” “fire,” “vandalism” or “theft” shall be used as specified in subrule 405.8(6) and supersedes a “lemon buy-back” designation.

~~e. f.~~ Lemon buy-back. Unless superseded by a “REBUILT-IA,” “rebuilt,” “damage over 50 percent,” “damage over 70 percent,” “flood,” “fire,” “vandalism” or “theft” designation, a designation of “lemon buy-back” shall be used:

(1) and (2) No change.

**405.10(2)** No change.

ITEM 8. Amend **761—Chapter 405**, implementation sentence, as follows:

These rules are intended to implement Iowa Code ~~sections~~ section 321.24, section 321.52 as amended by 2021 Iowa Acts, Senate File 230, section 1, and sections 321.69 and 322G.12.